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EXTENSION OF EXECUTIVE EXCHANGE PROGRAM

JULY 26, 1989.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. FORD of Michigan, from the Committee on Post Office and Civil Service, submitted the following

REPORT

[To accompany H.R. 2847]

[Including cost estimate of the Congressional Budget Office]

The Committee on Post Office and Civil Service, to whom was referred the bill (H.R. 2847) to extend by one year a program under which the Government is allowed to accept the voluntary services of private-sector executives, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of this legislation is to extend by one year an experimental program under which the Government is allowed to accept the voluntary services of private-sector executives who participate in an exchange program pursuant to Public Law 99-424. The one-year extension provided by the legislation will allow all interested parties to express views on whether the program should be made permanent before the program expires on September 30, 1990.

COMMITTEE ACTION

On July 10, 1989, at the request of the President's Commission on Executive Exchange by letter dated July 7, 1989, Congressman Gerry Sikorski (D-Minnesota) introduced H.R. 2847, a bill to extend by one year a program under which the Government is allowed to accept the voluntary services of private-sector executives. The legislation was referred to the Committee on Post Office and Civil Service. On July 12, 1989, the Committee on Post Office and Civil Serv-

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ice, by voice vote, and with a quorum present, ordered H.R. 2847 favorably reported.

Explanation of the Bill

H.R. 2847 amends section 3(a) of the Executive Exchange Program Voluntary Services Act of 1986 (5 U.S.C. 4103 note, Public Law 99–424) by striking "1989" and inserting "1990". Public Law 99–424 established a three-year experimental program authorizing up to 10 private executives each fiscal year to commence participation in an exchange program administered by the President's Commission on Executive Exchange while receiving their private sector salary from their private sector employer.

History of the Executive Exchange Program

The executive exchange program was created in 1969 pursuant to Executive Order No. 11451 (January 19, 1969). This Executive order and intervening orders were superseded by Executive Order No. 12493 (December 5, 1984) which was further implemented by Executive Order No. 12516 (May 28, 1985). See 5 U.S.C. 4103 note.

The executive exchange program, which is administered by the President's Commission on Executive Exchange, was designed to foster cooperation and understanding between top executives in the public and private sectors. Pursuant to the Executive orders cited above, senior public and private sector executives are provided the opportunity to perform the jobs of their private or public sector counterparts for a period of up to 15 months.

Public Law 99–424 was enacted in response to testimony received by the Subcommittee on the Civil Service (Serial No. 99–28), which established that the Commission was experiencing difficulties recruiting top level private-sector executives willing to work in the public sector at Government pay rates. Specifically, the law established a three-year program for fiscal years 1987 through 1989 to encourage private sector participation by authorizing up to 10 of the total number of private-sector executives who commenced participation in the program each fiscal year to continue to receive their private-sector salaries at the expense of their private-sector employers. Public Law 99–424 also required the General Accounting Office (GAO) to identify the advantages and disadvantages of the experimental program and recommend whether the program should be continued.

In March 1989, the GAO reported that the experimental program had succeeded in encouraging high level executives to participate in the exchange program and also determined that the Commission's conflict of interest procedures appeared to be adequate for experimental component executives. GAO recommended extending and expanding the program and also recommended that Congress should change the status of Federal participants in the program from "leave-without-pay" to "detail". During their review, GAO found that the status designation of the Federal participants resulted in their losing certain benefits during the time they participated in the program.

Although the Subcommittee on the Civil Service worked closely with the President's Commission on legislation to permanently re-

authorize the program and change the status of the Federal executive participants to "detail", the subcommittee's efforts were halted when certain representatives of the administration raised concerns over the Commission's proposal to reauthorize the program. On July 2, 1989, the subcommittee received a letter from the Commission stating that the administration would not seek reauthorization of the program. The subcommittee later determined that the Department of Justice and the Office of Government Ethics submitted unfavorable reports to the Commission on their proposal to make the experimental program permanent and to completely remove the 10-person cap on the number of private-sector participants. The subcommittee had been contemplating a more limited proposal which would have retained a cap on the number of private-sector participants in the program.

No further action was taken by the subcommittee until, by letter dated July 7, 1989, the Commission requested that the committee consider legislation to reauthorize the program for one year to allow interested parties additional time to develop a consensus reauthorization proposal.

The subcommittee chairman introduced H.R. 2847 on July 10, 1989, to extend the experimental program by one year.

COST

The cost estimate prepared by the Congressional Budget Office pursuant to section 403 of the Congressional Budget Act of 1974, as amended, is set forth below:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 21, 1989.

Hon. WILLIAM D. FORD,
Chairman, Committee on Post Office and Civil Service, U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed H.R. 2847, a bill to extend by one year a program under which the government is allowed to accept the voluntary services of private-sector executives, as ordered reported by the House Committee on Post Office and Civil Service, July 12, 1989. Enactment of this bill would result in no costs or savings to the federal government, and would not affect the budgets of state or local governments.

The bill would change the expiration date of the Executive Exchange program to the end of fiscal year 1990. Under current law, the program would expire at the end of fiscal year 1989. The program allows ten individuals from the private sector to work for the federal government while being paid by their sponsoring businesses at levels above the government's pay ceiling.

This program does not affect the federal budget because agencies' costs are not reduced by having private companies pay the higher salaries. In the absence of this program, agencies would not be paying federal employees those higher salaries; agencies instead would do without the services of such individuals. The effect of this

program, therefore, is to allow the government to receive services it otherwise would have to forgo.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is James Hearn, who can be reached at 226–2860.

Sincerely,

ROBERT D. REISCHAUER,
Director.

OVERSIGHT

Under the rules of the Committee on Post Office and Civil Service, the Subcommittee on the Civil Service is vested with legislative and oversight jurisdiction over the subject matter of this legislation. As a result of its hearings, investigations and consideration, the subcommittee concluded that there is ample need and justification for the enactment of this legislation.

The subcommittee received no report of oversight findings or recommendations from the Committee on Government Operations pursuant to clause 4(c)(2) of House Rule X.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(l)(4) of House Rules XI, the committee has concluded that the enactment of H.R. 2847 will have no inflationary impact on the national economy.

ADMINISTRATION VIEWS

Set forth below is the letter of the Executive Director of the President's Commission on Executive exchange requesting the committee to consider legislation to extend the experimental program for one year.

THE PRESIDENT'S COMMISSION ON EXECUTIVE EXCHANGE,
THE WHITE HOUSE,
Washington, DC, July 7, 1989.

Hon. GERRY SIKORSKI,
Chairman, Subcommittee on Post Office and Civil Service, House of Representatives, Cannon House Office Building, Washington, DC.

DEAR CONGRESSMAN SIKORSKI. After serving as Executive Director of the President's Commission on Executive Exchange for just over a month, and having reviewed the Commission's program priorities, I have determined that a permanent legislative solution for some of the shortcomings of P.L. 99–424, the Executive Exchange Program Voluntary Services Act of 1986, is essential for the continued success of the Commission's efforts to attract senior-level executives from the private sector.

I am writing to support your effort to amend P.L. 99–424 and would be happy to work directly with your staff to develop the legislative proposal. My deputy, Mr. Jack Finberg, and I will be immediately available to work with your staff.

Until this comprehensive legislaiton can be passed into law, there is an immediate crisis that I must seek your assistance in re-

solving. The 1986 Act expires on September 30, 1989. If not extended we will have executives who will be forced to terminate their participation in the current program because their private sector employer will not be able to continue their pay and other benefits. Of equal significance is our inability to recruit senior-level executives for this fall's exchange program, due to the lack of authority to provide continued pay at the levels these executives are being compensated. Several corporations have informed me that their senior executives will not be made available unless there is the ability for these individuals to continue at their current rate of pay. The government needs the infusion of this talent, and the President's program initiatives need access to this talent. Therefore, I am requesting that the House Committee on Post Office and Civil Service consider legislation to extend for one year our present authority under the 1986 Act until permanent legislation can be enacted.

I look forward to working with you and I will personally work with the Department of Justice and the Office of Personnel Management to overcome any objections to this comprehensive legislative effort.

Sincerely,

BETTY HEITMAN,
Executive Director.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 3 OF THE EXECUTIVE EXCHANGE PROGRAM VOLUNTARY SERVICES ACT OF 1986

SEC. 3. EXPERIMENTAL PROGRAM.

(a) The President may establish an experimental program, to be conducted during fiscal years 1987 through [1989], *1990,* under which voluntary services may be accepted by the Government, without regard to section 1342 of title 31, United States Code.

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